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NOTES.

THE Comptroller of the Currency, in his last *Annual Report*, issued December 5, 1892, furnishes additional data relating to the amount of checks and drafts in use in the United States as compared with the various kinds of coin and paper, from which we compile the following table for the convenience of our readers :

Localities	June 30, 1881 per cent.	September 17, 1881 per cent.	July 1, 1890 per cent.	September 17, 1890 per cent.	September 15, 1892 per cent.
New York City :					
Gold Coin.....	0.27	.54	.08	.05	.07
Silver Coin.....	0.01	.01	.02	.02	.04
Paper Currency.....	1.02	.65	3.86	4.29	7.53
Checks, Drafts, etc...	98.70	98.80	96.04	95.64	92.36
	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>
All Reserve Cities except New York City :					
Gold Coin.....	.76	1.86	.54	.65	.51
Silver Coin.....	.15	.18	.19	.31	.31
Paper Currency.....	4.71	5.61	5.59	6.77	6.44
Checks, Drafts, etc...	94.38	92.35	93.68	92.27	92.74
	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>
All Banks outside of Reserve Cities :					
Gold Coin.....	2.04	3.31	2.93	3.31	2.66
Silver Coin.....	.77	.68	1.08	1.17	1.14
Paper Currency.....	15.47	14.27	11.90	12.61	11.29
Checks, Drafts, etc...	81.72	81.74	84.09	82.91	84.91
	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>
Total for all Reporting Banks in United States :	1,966 banks	2,132 banks	3,364 banks	3,474 banks	3,473 banks
Gold Coin.....	.65	1.38	.89	1.13	.88
Silver Coin.....	.16	.17	.32	.43	.41
Paper Currency.....	4.06	4.36	6.29	7.40	8.10
Checks, Drafts, etc...	95.13	94.09	92.50	91.04	90.61
	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>	<u>100.</u>

A study of the table reveals the fact that in the banks outside of New York City there has been practically no diminution in the use of checks and drafts since 1881; in fact, in the banks outside of the reserve cities there has been an increase. The perceptible lowering in

the percentage of the use of checks and drafts for the whole country is due to a special cause affecting the figures for New York City, where a diminution in the use of checks and drafts is offset by an increase in the use of paper currency. This is explained by the operations consequent on the retirement of national bank notes, which bring more paper money into use during the process of reduction, and this effect is, of course, most evident in the figures of the New York City banks. As the comptroller says: "There has been a noted increase in the amount of national bank-notes received and a corresponding increase in silver certificates and treasury notes, caused by the retirement of national bank circulation and its supplanting by money issued directly by the government."

PROFESSOR EUGEN VON PHILLIPOVICH, of the University of Freiburg, in Baden, has accepted a call to the University of Vienna, where he will begin his work the first of next October. The group of economists in Austria is already a distinguished one and will be strengthened by the accession of Professor Phillipovich, while Freiburg, already weakened by the loss of Professor Holst, is still further unfortunate in this additional loss.

THE action of Austria-Hungary in adopting the single gold standard seems to be generally regarded as destroying all hopes of an international bimetallic agreement. This course of action, coupled with the recent declaration of Chancellor Caprivi that Germany has no intention of adopting bimetallism, makes still more clear the reasons for the failure of the International Monetary Conference at Brussels. When to this is added the unmistakable opposition to silver certain to be shown by the incoming administration of President Cleveland in the United States, it requires no particular insight to foresee that the meeting of the conference when it reconvenes in May will be futile. These facts make it the more strange that England is, without doubt, about to have another monetary agitation. The recent utterances of men of acknowledged ability and reputation, like Mr. A. J. Balfour and Mr. Leonard Courtney, point unmistakably in that direction. They can, however, scarcely assume that all economists agree with them in supposing that there is any scarcity of gold. The recent positive utterances of Mr. Gladstone, moreover, are still confirmatory

of the difficulty in reaching any agreement with England as to bi-metallism. At the present writing, when it is a question whether or not the United States Treasury can maintain gold payments, it is not at issue that gold cannot be obtained, but it is at issue why gold which we might retain is leaving us.

THE steady efflux of gold from this country has had the obvious effect of drawing down the gold reserve in the treasury very near to the legal reserve of \$100,000,000. In fact, had the treasury not received about \$6,000,000 in gold from the New York banks, the reserve must have fallen below the line, as it has been down to \$104,000,000. The charge that speculative influences are at work to force withdrawals of gold is doubtless more or less true; but such influences could be effective only because the reserve had been permitted to drop to a point where manipulation could produce mischief. The cause is clearly due to the suspicion that under the law of July 14, 1890, we may soon be brought to the single silver standard. The proposal to sell bonds, moreover, can be regarded only as a makeshift, and consequently excites distrust.

If the country has, as it seems clear, reached the saturation point with its silver circulation, not sufficient gold will come into the treasury through the customs to maintain gold payments; and, if the act of 1890 remains unrepealed, while bonds are sold for gold, it practically results in obtaining gold by the bonds for the purchase of more silver.

THE French Chambers have been impelled to anticipate final action on the question of the renewal of the privileges of the Bank of France, by voting to at once raise the limit of the bank's circulation. The new law of January 25, 1893, places the limit at 4,000 million francs, an increase of 500 millions over the limit fixed in the Budget Act of January 30, 1884. The urgency of this immediate action was occasioned by the near approach of the bank's circulation to the legal maximum of 3,500 million francs, consequent upon an unusual accumulation of specie in its vaults. On the 12th of January last the circulation of the bank had reached the unprecedented sum of 3,473 millions, only twenty-seven millions short, therefore, of the legal limit. The causes of this increase can hardly be mistaken. It is only recently

that it has assumed such striking proportions as to arrest attention. On January 31, 1884, the bank's circulation stood at 3,162 millions; in the latter months of the year it dropped below 3,000 millions and maintained itself in that neighborhood till November, 1889. January 30, 1890, it reached 3,198 millions; rose to 3,222 millions, January 15, 1891, and diminished to 3,171 millions, January 14, 1892. Since then it has been steadily above 3,000 millions and has been swiftly moving towards its limit. A part, but only a part, of this recent increase may be attributed to the growing habit in favor of the use of the bank note. This is a symptom which itself requires some explanation, the more so as the expansion of the bank's circulation has gone on simultaneously with a decline in the volume of its general business. There has been no corresponding extension of its discounts, but rather a contraction, in consequence of commercial depression. The item of the bank's assets which does show an increase is its cash reserve; its growth has been extraordinary.

IN recent issues of *L'Économiste Français*, M. Paul Leroy-Beaulieu discusses the curious condition in which the Bank of France finds itself because of the accumulation of gold in its vaults. It has a peculiar interest to Americans at the present moment when the treasury is losing its gold supply. M. Leroy-Beaulieu notes the approach of the amount of notes issued to the legal limit of 3,500 millions of francs. The cause of this is the presentation of the precious metals at the bank for which notes are issued. The abnormal increase in the note-issues, therefore, is not due to any prosperity of trade, but to nothing less than the growth of the metallic reserve. It would seem as if holders of coin found it convenient to use the bank as a safe place of deposit for any coming emergency, receiving notes in exchange until the coin was wanted. The growth of the metallic reserve in recent years shows where some of our gold goes:—

1889, January 10	2,225	Millions of francs.
1890, " 9	2,495	" "
1891, " 8	2,360	" "
1892, " 7	2,588	" "
1893, " 3	{ gold 1,704 silver 1,264 }	2,968	" "
" " 12	{ gold 1,701 silver 1,257 }	2,958	" "

As the above figures show the amounts of gold and silver combined, the following will state the amount of gold in the Bank of France at the end of each year:—

1880, 564 millions of francs.	1888, 1,006 millions of francs.
1883, 951 “ “	1889, 1,261 “ “
1884, 1,001 “ “	1890, 1,120 “ “
1885, 1,155 “ “	1891, 1,350 “ “
1886, 1,233 “ “	1892, 1,708 “ “
1887, 1,106 “ “	

The increase of more than three-fold since 1880, and of 358 millions of francs since the end of 1891, is striking, in view of our recent losses of gold. Some of the reasons for this accumulation of gold are thus given by M. Leroy-Beaulieu: “South America, Spain, Portugal, Greece, have lost much of their gold since the crisis of two years ago. The United States, also, whose affection for silver frightens European, and perhaps many native capitalists, is exporting gold. A great part of these exportations from countries whose finances are badly managed come to France.” In this estimate, placed upon us by a classification with the above countries, we have a foretaste of what would be our credit as a nation, were our treasury reserve of gold to be exhausted and the silver standard to be reached.

HERR MIQUEL, Prussian Minister of Finance, in the course of a recent speech on the budget, took occasion to refer to the fiscal operation of the state railways in a manner that is not likely to strengthen the faith of those who have believed that the modern state would find in this resource a productive and certain financial support. He called attention to the extraordinary shrinkage in the net earnings of the railways and the serious consequences thereby entailed, because of the important place held by receipts from this source in the Prussian budget. For certain years the decline of gross receipts amounted to as much as fifty million marks. From 1880 to 1886–87 railway earnings showed a gain, but since 1887–88 there has been a falling off. But receipts for the fiscal year 1889–90 were 321 million marks; for the following year they were 311 millions. The year 1891–92 shows a marked decline of 59,306,000 marks in railway earnings, and the diminution of the past year was over twenty-nine million marks. Much of this recent shrinkage is no doubt but a reflection of the general

industrial depression whose effects have, perhaps, been intensified by the existence of the cholera epidemic. It is hoped that there will be some recovery of the lost ground when industrial revival sets in. But the minister also emphasizes the need of strict retrenchment in the expenditures of the administration of railways; for while receipts have been declining, there has been a notable increase of expenses, which, by diminishing the volume of net receipts or available income, has been an added influence in disturbing the budgetary equilibrium.

THE *Reichsanzeiger* for October 12, 1892, gives a comparison of the results obtained under the first year's administration of the reformed Income Tax of Prussia with the returns for the last year of the old tax. The results of the comparison are replete with interest for the student of taxation, as showing the extent to which the reform of 1891 has modified the distribution of the burdens of the tax. We here reprint two of these tabular statements which are hardly less interesting to the social statistician. The first shows the numerical proportion which each group of contributors (classified by incomes) bears to the total number. The second table shows the proportion of the total revenue derived from this tax contributed by each of these several groups.

CLASSES OF INCOMES.		I.	
		PROPORTION OF CONTRIBUTORS. 1891-92	1892-93
900 to	3,000 marks	87.27 per cent.	86.99 per cent.
3,000 "	6,000 "	9.05 "	8.40 "
6,000 "	9,500 "	1.92 "	2.28 "
9,500 "	30,500 "	1.49 "	1.89 "
30,500 "	100,000 "	.22 "	.37 "
Above	100,000 "	.05 "	.07 "

CLASSES OF INCOMES.		II.	
		PROPORTION OF THE TAX. 1891-92	1892-93
900 to	3,000 marks	35.54 per cent.	28.60 per cent.
3,000 "	6,000 "	23.50 "	16.32 "
6,000 "	9,500 "	9.98 "	9.78 "
9,500 "	30,500 "	16.25 "	18.68 "
30,500 "	100,000 "	7.70 "	13.62 "
Above	100,000 "	7.03 "	13.00 "

THE table of Hamburg prices published by Dr. Adolf Soetbeer in the second edition of his *Materialien* (1886) ends with the period of 1881-1885. Before his death he extended the table to include the period 1886-90 and published it in the *Jahrbücher für Nationalökonomie und Statistik*. In order to furnish our readers with the later figures we print them herewith, with the previous figures since 1847-50. The English translation for our state department contains an error in column V for the year 1876, which should read 106.27 :

Years	I Products of Agriculture, etc.	II Animal and Fish Products	III Southern Products, etc.	IV Tropical Products	V Minerals and Metals	VI Textile Materials	VII Miscellaneous	VIII 14 British Articles of Export	I-VIII Total 14 Articles
1847-1850	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
1851-1855	129.99	114.79	110.43	110.97	107.03	105.20	106.65	98.47	112.22
1856-1860	131.84	132.31	134.72	122.61	113.59	107.12	108.21	102.41	120.91
1861-1865	124.46	128.24	114.13	118.64	102.11	131.83	144.33	127.56	123.59
1866-1870	137.74	136.35	121.54	118.32	95.47	129.17	105.90	130.55	123.57
1871	144.76	144.14	122.99	120.22	101.85	119.23	117.48	122.64	127.03
1872	144.17	155.82	125.36	130.25	121.63	122.79	128.54	130.07	135.62
1873	146.21	156.72	132.15	134.32	140.60	119.58	119.14	128.52	138.28
1874	150.99	157.76	145.02	136.74	116.70	112.80	112.21	126.06	136.20
1875	138.16	158.59	131.35	132.11	107.49	111.47	98.74	124.96	129.85
1871-1875	144.90	154.57	131.50	130.72	116.90	117.17	114.98	126.44	133.29
1876	141.06	155.79	128.69	129.74	106.27	105.54	101.78	119.23	128.33
1877	145.34	152.51	140.55	130.29	98.87	108.33	99.80	114.04	127.70
1878	132.50	141.53	134.34	125.61	94.14	102.33	97.24	111.03	120.60
1879	132.92	137.60	139.10	123.34	84.28	98.76	90.21	105.93	117.10
1880	138.11	147.30	154.65	122.92	88.33	96.72	95.23	108.15	121.89
1876-1880	138.12	146.76	138.91	126.38	94.35	102.33	96.79	111.70	123.07
1881	137.50	151.21	146.57	122.60	84.87	99.29	94.89	103.08	121.07
1882	138.45	155.17	139.23	122.47	86.99	95.10	99.10	104.72	122.14
1883	143.33	156.40	142.38	120.17	82.93	95.93	95.38	104.72	122.24
1884	123.85	150.26	120.16	117.90	78.69	97.02	84.82	103.36	114.25
1885	110.75	140.45	123.78	116.39	74.23	95.89	81.35	100.48	108.72
1881-1885	130.77	150.65	134.41	119.91	81.55	96.65	91.11	103.28	117.68
1886	101.31	133.53	122.44	115.45	70.52	89.76	78.75	97.03	103.99
1887	96.28	129.93	121.81	116.59	72.50	81.42	77.30	95.98	102.02
1888	98.18	128.97	120.09	116.41	75.57	82.17	74.31	94.91	102.04
1889	102.06	130.95	127.57	118.82	78.55	89.05	86.41	96.60	106.13
1890	107.53	129.85	138.61	119.35	83.54	81.92	91.70	94.96	108.13
1886-1890	101.06	130.41	126.08	117.32	76.12	84.86	81.70	95.90	104.41

THE comparatively low development of what has not inaptly been termed the "banking habit," which may be described as the preference for holding one's claim against a bank in the form of a deposit, to be drawn against by check rather than in the form of the bank note, among the people of Continental Europe, has frequently been com-

mented on by English and American writers. Indications, however, have not been wanting, from time to time, to show that the use of this expedient which has long been a familiar practice in the English speaking world, is gradually winning a wider extension in Europe. The *Bulletin de Statistique*, November, 1892, publishes a table showing to what extent the use of the check has been increasing its hold upon the business community in France. The statistics presented are based upon the returns of the stamp tax imposed upon checks, and cover the period from 1880 to 1892. A distinction is made between the class of checks drawn between different places and those drawn on banks situate in the same place—the former being subjected to a tax of 20 centimes, the latter to one of 10 centimes. The total increase in the number of checks used has been from 4,396,930 in 1880 to 5,701,660 in 1891. But the proportions in which these aggregates have been divided between checks of the one or the other class is the point that merits more particular attention. The checks of the class drawn between different places exhibit, for the period of twelve years, fluctuations in amount, but no appreciable increase. But those of the other class, as we might naturally expect—the more so as what would in any case be a natural tendency is aided or, at any rate, is less retarded in this particular instance by the less onerous tax—show a rather remarkable gain. The following figures show the extent and rate of this gain :

Year		Number	Year		Number
1880	- - - -	2,758,098	1886	- - - -	3,216,390
1881	- - - -	3,683,301	1887	- - - -	3,317,320
1882	- - - -	2,953,880	1888	- - - -	3,441,940
1883	- - - -	2,925,290	1889	- - - -	3,730,250
1884	- - - -	2,924,410	1890	- - - -	3,747,090
1885	- - - -	3,175,350	1891	- - - -	4,019,400

THE Prussian ministry has laid before the Landtag a series of measures by which it proposes to redeem the promise of further fiscal reform made at the time of the passage of the revised income tax of June 24, 1891. On that occasion the assurance was given that the expected increase of revenue (all above 80,000,000 marks for the year 1892-93) from the new income tax should be used for this purpose, and certain provisions were incorporated in the new law as a pledge of the sincerity of the ministerial declarations. It was also announced at that time that a leading feature of the further reforms would be a

more thorough-going division between the sources of state and local revenues by dropping lands and buildings from the list of state taxables and reserving them henceforth as objects of local taxation only. The unexpected productiveness of the new income tax has made it possible for the government to move on with its programme of reform sooner than was expected. An eager interest has been evinced in the direction of the further reforms on the part of the writers for the periodical press ever since it became fairly certain that the government would be able to proceed with its work. A leading feature of these discussions has been the proposed abandonment of the land and building taxes and the introduction or revival of the property tax to supplement the income tax, this being the method by which it is proposed to give effect to the much emphasized distinction between "funded" or durable and "unfunded" or temporary incomes.

The zeal and confidence of German reformers in the efficacy of the general property tax do not seem to have been much disturbed by the disastrous results which have attended its administration in America. Little consequence, indeed, is attached by them to our experiences because "they do not touch the form of the property tax, nor indeed the mechanism of the prevailing tax system there [in the United States] but rather point to the morale of a corrupt democratic tax administration." This is the judgment expressed by Professor Cohn, and he significantly adds that "the income tax is no panacea for the scandalous conditions which surround the administration of the American property tax."¹ And where a more lenient view is taken, as in an excellent volume by Professor L. Ennecerus of Marburg, on *Die Steuerreform im Staat und Gemeinde*, published during the past summer, and said to have been written under the direct inspiration of Herr Miquel, Prussian Minister of Finance, the basis of expectation regarding the practicability and adequacy of a property tax under Prussian conditions is the merely subordinate or complementary function that such a tax would have to discharge in the tax system, as it is proposed to reorganize it there, instead of playing the leading rôle as assigned to it in the tax systems of the American States. If adopted by the Prussian Parliament, as it seems likely to be, being a part of the government programme, it will open an

¹ Schmoller's *Jahrbuch für Gesetzgebung*, 16, Heft 3, p. 275.

interesting chapter in the history of taxation. American writers have been led to regard the general property tax as an almost obsolete form of taxation, entirely unsuited to the complicated conditions of modern industry.

We print in the Appendix, for the benefit of our readers, a translation of the third section of the report accompanying the measures recently submitted to the Landtag. This gives the outlines and reasons of the government programme, and is an interesting document.

The proposed complementary tax [*Ergänzungssteuer*] on property is to be assessed on properties valued at not less than 6,000 marks; and for purposes of assessment, properties are to be arranged in classes, after the familiar Prussian precedent, as follows:

Taxable Property.	Complementary Tax.	Taxable Property.	Complementary Tax.
Marks.	Marks.	Marks.	Marks.
6,000 — 8,000	3	28,000 — 32,000	14
8,000 — 10,000	4	32,000 — 36,000	16
10,000 — 12,000	5	36,000 — 40,000	18
12,000 — 14,000	6	40,000 — 44,000	20
14,000 — 16,000	7	44,000 — 48,000	22
16,000 — 18,000	8	48,000 — 52,000	24
18,000 — 20,000	9	52,000 — 56,000	26
20,000 — 22,000	10	56,000 — 60,000	28
22,000 — 24,000	11	60,000 — 70,000	30
24,000 — 28,000	12	70,000 — 80,000	35

From 70,000 marks up to 200,000 marks the taxes increase 5 marks for each 10,000 marks. From 200,000 marks to 220,000 marks the tax is 100 marks, and increases 10 marks for each additional 20,000 marks up to two millions of marks. At 2,100,000 marks the tax is 1,000 marks and increases 50 marks for each additional 100,000 marks or fractions, for all property of higher amounts.

These rates are extremely moderate, amounting to one-twentieth of one per cent. upon the minimum valuation in each class, and will doubtless go far to make the measure acceptable to many who would resist higher rates. The tax, unlike the income tax which it is designed to supplement, has no element of progression in it. It is, rather, slightly regressive from the division of property into classes. The government was hardly willing to stake the success of its proposals upon so radical a measure as a progressive property tax. The times are hardly ripe for this even in Prussia. But if the present measure is adopted we may look hereafter for the introduction of this feature as the next step logically in the development of the Prussian tax system.